

STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

Docket No. DG 23-076

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP. d/b/a LIBERTY

2023-2024 Cost of Gas

Technical Statement of Alyssa E. Maston
August 2, 2024

A. Purpose of This Technical Statement

The purpose of this technical statement is to support the Company's Petition to Authorize Lump Sum Credit to Customers, which seeks specific Commission authority to provide refunds to gas customers that contributed to a large over-collection balance that accumulated during the Summer 2023 period.

B. Background

In March 2023, Liberty incorrectly booked an adjustment of \$6.1M when allocating gas costs between the summer and winter cost of gas ("COG") deferral accounts¹. The \$6.1M in costs were attributable to the winter period but were booked to the summer period deferral account. As a result, the summer under-collection was over-stated by that amount. The Company subsequently increased the COG rates throughout the Summer 2023 period through the approved "trigger" filing process in an attempt to reduce the under-collection in the summer deferral account.

In October 2023, the Company identified and corrected the accounting error, which flipped the summer deferral account balance from a large under-collection to a large over-collection and, in turn, drove Summer 2024 rates down to \$0.0187 per therm for residential customers (and similarly low rates for the commercial classes), as approved by the Commission in Order No. 26,898 (October 31, 2023). However, those rates did not account for the additional over recovery stemming from the higher than necessary Summer 2023 COG rates.

At the commencement of the Summer 2024 season, the Company's over-collection had grown to approximately \$10 million, and only approximately \$5 million would be refunded by October 2024

¹ This error was first brought to the attention of the Commission during the October 19, 2023 hearing in DG 23-076, and was addressed by the Commission in Order No. 26,898 (Oct. 31, 2023).

at the approved rates, with the other \$5 million remaining in the account until the following summer. The Company's approved monthly "trigger" filing process to adjust the rates calculates the rate adjustment needed to keep the projected ending balance as close to \$0 as possible, with updated pricing and sales data being factored in each month. Following this model, it became apparent to the Company that the approved rates would not return the over-collected amount over the course of the Summer 2024 season, at least not without a negative cost of gas. Specifically, the Company calculated that an initial Summer 2024 rate of approximately *negative* \$0.25 per therm would be required to refund the projected ending balance.

Liberty contacted the Department of Energy to discuss various options for refunding this money to customers in the quickest and most equitable way. The Office of the Consumer Advocate subsequently joined the discussions. Multiple scenarios were discussed, and, as a result of the discussions with the Department and the OCA, the Company determined that a direct bill credit to customers that paid into this over-collection is the best option for moving forward. The methodology of calculating these credits is described in the section below. The approved rate of \$0.0187 per therm has remained in effect for the duration of the discussions, and the Company plans to leave this rate in effect for the remainder of the Summer 2024 period.

C. Calculations

The Company calculated customer credits in three steps.

First, the Company allocated the estimated remaining balance in the summer deferral balance at the end of the summer period, which includes accrued interest, to each rate class based on the respective Summer 2023 usage. This was done because summer usage of customers varies significantly between rate classes, depending on whether they are heating/high winter use customers or not. This calculation results in a total dollar amount to be refunded to the customers in each rate class, which can be seen in cells C16:C24 on the Summary tab of Attachment A.

Second, the Company reduced the refund amount allocated to each rate class in step 1 based on the move out rate (see Attachment. A, Summary tab, H11:P11) determined for each rate class. The portion attributable to customers who moved out will remain in the summer deferral balance, inclusive of carrying charges, until the Summer 2025 period. These amounts, by rate class, are shown in cells D16:D24 on the Summary tab of Attachment A.

Finally, the Company allocated the net refund amount of each rate class to each customer based on their individual percentage of total therms used by rate class in Summer 2023. This spreads the refund out between all remaining customers proportionally based on their usage in Summer 2023, so that they are receiving refunds based on how much they contributed to the over-collection

balance. The individual credit amounts can be seen in Column F on each of the rate class tabs of Attachment A.

The Company notes that the numbers included in Attachment A are projections, and the final refunds will differ from the amounts shown in Attachment A based on the actual Summer 2024 results. Liberty will update the credit calculation with the most accurate dollar amounts and customer counts before issuing the credits.

D. Request

The Company seeks specific Commission authority to provide the refunds described above because the Company's existing and standard authority to adjust COG rates through "trigger" filings does not include the authority to provide credits as proposed here. Thus, the Company asks the Commission to provide such authority.

Rate Class:	Summer 2023 Consumption (therms):
R-1	207,451
R-3	9,333,390
G-41	1,929,987
G-42	1,846,801
G-43	874,098
G-51	979,807
G-52	1,195,301
G-53	433,967
G-54	244,297
Total	17,045,098

Projected 10/31/2024 Ending Balance as of August trigger: \$ (5,842,329.97)

Rate Class:	% of Consumption	\$ Allocation	Move Out Allocation	Refund Allocation
R-1	1.22%	\$ (71,105.44)	\$ (5,760.97)	\$ (65,344.47)
R-3	54.76%	\$ (3,199,086.33)	\$ (267,815.88)	\$ (2,931,270.45)
G-41	11.32%	\$ (661,516.74)	\$ (31,212.58)	\$ (630,304.16)
G-42	10.83%	\$ (633,004.28)	\$ (17,855.78)	\$ (615,148.50)
G-43	5.13%	\$ (299,603.25)	\$ (260.93)	\$ (299,342.32)
G-51	5.75%	\$ (335,835.97)	\$ (20,322.58)	\$ (315,513.39)
G-52	7.01%	\$ (409,698.13)	\$ (12,410.17)	\$ (397,287.96)
G-53	2.55%	\$ (148,745.28)	\$ (24,425.39)	\$ (124,319.89)
G-54	1.43%	\$ (83,734.55)	\$ (1,781.37)	\$ (81,953.18)
Total	100.00%	\$ (5,842,329.97)	\$ (381,845.65)	\$ (5,460,484.32)

	R-1	R-3	G-41	G-42	G-43	G-51	G-52	G-53	G-54
Current customers with activity	2,622	73,387	7,103	705	30	846	178	7	5
No activity during Summer 2023	205	2,707	778	24	1	67	11	2	1
Moved out	427	12,620	1,058	48	1	96	14	1	1
Total Customers	3,254	88,714	8,939	777	32	1,009	203	10	7
Usage:									
Minimum	1.03	1.03	1.03	1.17	164.01	1.03	4.12	1,250.24	140.97
Maximum	1,050.76	3,001.53	12,886.17	74,112.03	206,320.20	6,675.12	39,533.03	88,178.22	126,181.20
Average	72.71	116.52	258.52	2,545.68	29,111.21	1,088.08	6,493.99	51,815.06	47,819.96
Move out %:									
% of therms	8.10%	8.37%	4.72%	2.82%	0.09%	6.05%	3.03%	16.42%	2.13%
Total % of therms		8.37%							4.21%
% of customers	13.12%	14.23%	11.84%	6.18%	3.13%	9.51%	6.90%	10.00%	14.29%
Total % of customers		14.19%							11.11%
Credits:									
Minimum	\$ (0.35)	\$ (0.35)	\$ (0.35)	\$ (0.40)	\$ (56.22)	\$ (0.35)	\$ (1.41)	\$ (428.53)	\$ (48.32)
Maximum	\$ (360.15)	\$ (1,028.89)	\$ (4,423.18)	\$ (25,402.43)	\$ (70,717.73)	\$ (2,287.95)	\$ (13,587.31)	\$ (30,223.72)	\$ (43,249.51)
Average	\$ (24.92)	\$ (39.94)	\$ (88.74)	\$ (872.55)	\$ (9,978.08)	\$ (372.95)	\$ (2,231.95)	\$ (17,759.98)	\$ (16,390.64)